

**Source Selection Statement for the
Cargo Mission Contract (CMC)
National Aeronautics and Space Administration**

On November 10, 2010, I met with the members of the Source Evaluation Board (SEB) appointed to evaluate proposals for the ISS Cargo Mission Contract (CMC) Solicitation, NNJ09ZBG003R. Several other officials of the Lyndon B. Johnson Space Center (JSC) attended the meeting. The CMC consists of a Cost Plus Award Fee (CPAF) baseline and Indefinite Delivery/Indefinite Quantity (IDIQ) Task Orders. The basic period of performance for this acquisition is three years, from April 1, 2011, through March 31, 2014. There are four one-year options. The Not-To-Exceed amount for the IDIQ portion of the CMC is \$20,000,000, with a minimum order quantity of \$15,000. The \$20,000,000 IDIQ NTE is for the entire period of performance, which includes the 3-year base period and the four 1-year options. This acquisition is a follow-on to the current Cargo Mission Contract and is a follow-on to part of the Space Program Operations Contract (SPOC).

The scope of the CMC effort includes the following: analytical and physical processing activities to support pressurized cargo requirements for NASA, International Partner (IP) and commercial "visiting vehicles" to and from the International Space Station (ISS); and Flight Crew Equipment (FCE) processing, and the capability to design and sustain FCE required to support training and flight for ISS.

Background

On January 15, 2010, the Source Evaluation Board (SEB) issued Request for Proposal (RFP) NNJ09ZBG003R with a past performance proposal receipt due date of March 1, 2010, and technical and cost proposals receipt due date of April 1, 2010. Three offerors, Lockheed Martin (LM), Boeing, and United Space Alliance (USA), submitted proposals in response to the RFP.

RFP Section M, Source Evaluation Factors, Provision M.3 stated that:

Proposals will be evaluated in accordance with the following factors: Mission Suitability, Past Performance, and Cost. A brief description of each of these factors is set forth below. The Government will evaluate acceptable offers to identify deficiencies, strengths, and weaknesses. Although proposals are organized by factors and sub-factors, the Government will conduct an integrated evaluation, considering any proposal data in its evaluation of each factor and sub-factor.

Only the Mission Suitability factor will be weighted and scored. The Government's intent regarding discussions with offerors in the competitive range is set forth in provision 52.215-1, Instructions to offerors – Competitive Acquisitions (JAN 2004) (OCT 1997) in Section L. Therefore, the offeror's initial proposal should contain the offeror's best terms.

In accordance with the relative importance of evaluation factors provision, The SEB evaluated each proposal on the basis of Mission Suitability, Past Performance, and Cost. The SEB evaluated and rated Mission Suitability using the following adjectival ratings for the subfactors: Excellent, Very Good, Good, Fair, and Poor.

The Mission Suitability factor had a 1,000 point value distributed among four subfactors:

<u>Subfactor</u>	<u>Points</u>
1: Technical Approach (TA)	450
2: Management Approach (MA)	300
3: Safety and Health Approach (SA)	150
4: Small Business Participation (SB)	100

The SEB evaluated and rated Past Performance using the following levels of confidence: Very High Level of Confidence, High Level of Confidence, Moderate Level of Confidence, Low Level of Confidence, Very Low Level of Confidence, and Neutral/Unknown Confidence.

The SEB conducted a cost/price analysis of each offeror's proposed cost and developed for selection purposes a probable cost that included the basic period and all options. The SEB also rated each offeror's probable cost using the following levels of confidence: High, Medium, and Low.

RFP Section M: M.9, Relative Importance of Evaluation Factors, provided:

Mission Suitability is more important than Past Performance. Mission Suitability and Past Performance, when combined, are significantly more important than Cost.

On June 10, 2010, the Contracting Officer recommended that all three offerors' proposals should fall within the competitive range. I concurred with the Contracting Officer's recommendation. Accordingly, the Board invited all three offerors to participate in written and oral discussions, and each was given the opportunity to correct, clarify, substantiate, and confirm the contents of its respective proposal and to submit a final proposal revision (FPR). The FPR includes a signed model contract reflecting the offeror's intent to be bound contractually in consonance with what it had proposed. After considering the results of the FPR, the SEB concluded its final evaluation and determined the Mission Suitability score for each of the proposals.

The SEB assigned the LM proposal an overall Mission Suitability score of 876.5 points out of a maximum 1,000 points. On the subfactor level, LM's proposal was determined to be Very Good in Technical Approach, Very Good in Management Approach, Excellent in Safety and Health Approach, and Excellent in Small Business Participation.

The SEB assigned the Boeing proposal an overall Mission Suitability score of 873.5 points out of a maximum 1,000 points. On the subfactor level, Boeing's proposal was determined to be Very Good in Technical Approach, Very Good in Management Approach, Excellent in Safety and Health Approach, and Excellent in Small Business Participation.

The SEB assigned the USA proposal an overall Mission Suitability score of 796 points out of a maximum 1,000 points. On the subfactor level, USA's proposal was determined to be Very Good in Technical Approach, Good in Management Approach, Excellent in Safety and Health Approach, and Excellent in Small Business Participation.

Mission Suitability Evaluation

Lockheed Martin

The SEB assigned the LM proposal three significant strengths, three strengths, two weaknesses and no significant weaknesses or deficiencies in its Technical Approach and rated the proposal Very Good for that subfactor.

The first significant strength was for LM's approach in the cargo analytical integration process, which demonstrates an efficient and flexible approach for accommodating changes to flight manifest, and ensures the hardware providers and operations community that packing requirements are incorporated into analytical products prior to bag packing.

The second significant strength was for LM's approach to transition of Cargo In-Flow, and logical breakpoints for Flight Crew Equipment (FCE) handoffs for packing during phase-in which ensures a smooth and effective continuation of cargo operations beginning on Day 1.

The third significant strength was for LM's outstanding infusion of proven technology solutions, integrated across all processes and functional areas of the contract, which facilitates the currency, and "ease of use" access, and delivery of CMC products and data providing exceptional data transparency and increased productivity.

In the Management Approach subfactor, the SEB assigned LM's proposal one significant strength, five strengths, no weaknesses and no significant weaknesses or deficiencies for a rating of Very Good.

LM's proposal received a significant strength for its proposed key personnel and essential personnel in all major management, technical, and support areas of the CMC organization, including personnel who possess sound integrated leadership skills ensuring efficient and effective contract management, while delivering successful contract performance to the Government.

The LM proposal's Safety and Health Plan warranted one significant strength and no strengths, weaknesses or deficiencies, for a rating of Excellent. The noted significant strength was that LM presented a plan that expanded beyond the requirements of the RFP, that was comprehensive and thorough in describing policies and procedures for ensuring the safety and health of employees

by demonstrating an understanding of the importance of management commitment and employee involvement, which will significantly reduce the risk of injury and illness during contract performance.

LM's Small Business Participation approach in its proposal had one significant strength, one strength and no weaknesses or deficiencies, and was rated Excellent.

The noted significant strength was for LM proposing to exceed all of the recommended small business goals referenced in the Request for Proposal (RFP) by proposing to exceed the overall small business goal by 14.0% and to significantly exceed the Small Disadvantaged Business (SDB), Service Disabled Veteran Owned Small Business (SDVOSB), and the Historically Black College/University (HBCU/MI) small business goals.

Boeing

The SEB assigned the Boeing proposal three significant strengths, four strengths, one weakness, and no significant weaknesses or deficiencies in its Technical Approach, and rated the proposal Very Good for that subfactor.

The first significant strength was for Boeing's approach in the development of FCE and the external cargo Flight Support Equipment (FSE) defined in the Sample Task Order, which demonstrates a thorough understanding of the requirements for designing ISS hardware and significantly increases the feasibility of Boeing delivering hardware within cost and schedule.

The second significant strength was for Boeing's proposed cargo analytical integration process, which demonstrates an efficient and flexible approach for accommodating changes to flight manifest and ensures hardware providers and the operations community that packing requirements are incorporated into analytical products prior to bag packing.

The third significant strength was for Boeing's comprehensive Phase-In approach that provides detailed plans for all technical and management aspects of contract transition; Boeing significantly increases the Government's confidence in a seamless and successful Phase-In while continuing to support on-going operations.

In the Management Approach subfactor, the SEB assigned Boeing's proposal one significant strength, six strengths and no weaknesses or deficiencies, for a rating of Very Good.

Boeing received a significant strength for its proposed key personnel in all major management, technical and support areas of the CMC organization, including personnel who possess sound integrated leadership skills built on their vast experience working on the ISS Program and on the Checkout, Assembly, and Payload Processing Services (CAPPS) contracts. The key personnel's familiarity with NASA and NASA programs helps ensure efficient and effective contract management, while delivering successful contract performance to the Government.

Boeing's Safety and Health Plan received one significant strength, no strengths with no weaknesses or deficiencies for a rating of Excellent.

The Boeing proposal received a significant strength for its comprehensive and thoroughness in describing policies and procedures for ensuring the safety and health of employees by demonstrating an understanding of the importance of management commitment and employee involvement that will significantly reduce the risk of injury and illness during contract performance.

The Boeing proposal's Small Business Participation approach was evaluated as having one significant strength, two strengths and no weaknesses or deficiencies for a rating of Excellent.

The noted significant strength was for Boeing proposing to exceed all of the recommended small business goals referenced in the Request for Proposal (RFP) by proposing to exceed the overall small business goal by 12.0% and to significantly exceed the Women Owned Small Business (WOSB), HUBZone, Veteran Owned Small Business (VOSB), SDVOSB, and HBCU/MI small business goals.

United Space Alliance

The SEB assessed USA's proposal with two significant strengths, five strengths, one weakness, and no significant weaknesses or deficiencies in its Technical Approach, and rated it Very Good for that subfactor.

The first significant strength was for USA's approach for depot certification and transition of Flight Crew Equipment (FCE) Hardware, Data and Ground Support Equipment (GSE), which provides a comprehensive approach to transitioning the inventory of flight hardware, GSE and all associated sub-components while continuing to support on-going operations, significantly reducing phase-in risk to the Government.

The second significant strength was for USA's proposed comprehensive Phase-In approach that provides detailed plans for all technical and management aspects of contract transition, significantly increasing the Government's confidence in a seamless and successful Phase-In while continuing to support on-going operations.

In the Management Approach subfactor, USA's proposal had no significant strengths, five strengths, one weakness and no significant weaknesses or deficiencies for a rating of Good.

USA's Safety and Health Plan had one significant strength, no strengths with no weaknesses or deficiencies for a rating of Excellent.

The SEB rated the USA proposal with a significant strength for its comprehensive and thorough policies and procedures for ensuring the safety and health of employees. USA demonstrated an understanding of the importance of management commitment and employee involvement insignificantly reducing the risk of injury and illness during contract performance.

The USA proposal's Small Business Participation approach was evaluated as having one significant strength, two strengths and no weaknesses or deficiencies for a rating of Excellent.

The SEB assigned USA's proposal a significant strength for proposing to meet or exceed all of the recommended small business goals referenced in the Request for Proposal (RFP) by proposing to exceed the overall small business goal by 39.5% and to significantly exceed the SDB, WOSB, HUBZone, and VOSB small business goals.

Past Performance

The offerors and any major subcontractors (subcontracts estimated annual value greater than \$1,000,000) were asked to provide information regarding relevant contract work on three to five past contracts, and were instructed to have their customer's complete questionnaires on that work.

LM and its major subcontractors submitted relevant contracts for review. All of the reported contracts or subcontracts are similar in scope and complexity to the contemplated CMC contract. LM and its major subcontractors received almost exclusively excellent ratings from the respondents on the submitted questionnaires. With regard to LM's past performance, the SEB assessed LM with one significant strength and one strength. The significant strength assessed was for the overall past performance, representing exceptional technical and management capability which provides very high confidence that the team can perform the requirements of this procurement.

Boeing and its major subcontractors submitted relevant contracts for review. All of the reported contracts or subcontracts are similar in scope and complexity to the contemplated CMC contract. They received primarily very good and excellent ratings from the respondents on the submitted questionnaires. Those ratings and the degree of relevance of the work on those contracts led Boeing to receive two significant strengths. The first significant strength Boeing received was for the overall past performance responses, representing exceptional technical and management capability which provides very high confidence that the team can perform the requirements of this procurement. The second significant strength Boeing received was for their excellent capability to avoid injury and loss as reflected by their past performance data. There is high confidence they will successfully implement an exemplary safety and environmental program.

USA and its subcontractors submitted relevant contracts for review. All of the reported contracts or subcontracts are similar in scope and complexity to the contemplated CMC contract. They received primarily excellent and very good ratings from the respondents on the submitted questionnaires. Those ratings and the degree of relevance of the work on those contracts led USA to receive one significant strength and one strength. The significant strength assessed was for their past performance demonstrating an excellent and comprehensive understanding and capability that provides high confidence that this team has the management and technical ability to implement the requirements of this procurement.

Cost/Price

The cost proposals were evaluated consistent with the evaluation criteria in Section M of the RFP. A cost realism analysis, resulting in a probable cost, was performed for each proposal. The probable costs generally resulted from specific adjustments to correct for incumbent labor rate adjustments, Government Facilities Equipment Services Template (GFEST) adjustments, and minor calculation errors. These adjustments resulted in all three offerors receiving slightly higher probable costs. Boeing's probable cost was approximately 10% lower than the probable cost of LM, and approximately 13.3% lower than the probable cost of USA.

The probable cost adjustments associated with the GFEST accounts for Government facilities, equipment or services provided to the offerors on a "rent free" basis. The probable cost adjustment is the proposed items' or services' fair market value, which the offeror would have to incur if not provided by the Government.

The probable cost adjustments made to LM's proposed cost were to the proposal's incumbent labor rates, and GFEST adjustments. Boeing's probable cost adjustments were for incumbent labor rates, GFEST, and minor calculation errors. The probable cost adjustments made to USA's proposed cost were for incumbent labor rates, GFEST, and minor subcontractor fully burdened rates.

Discussion of Findings and Analysis of Proposals

Following the presentation by the SEB on November 10, 2010, and my vigorous questioning of the SEB, I fully considered the findings the SEB presented to me. I commended the SEB on their comprehensive and detailed evaluation of three strong proposals. The selection of any one of the proposals promised a high likelihood of successful contract performance. Following the discussion, I held an executive session with my advisors to discuss the evaluation results, and in that session I requested and received the opinions of my key advisors. Following the discussion I made a comparative assessment of the proposals based upon the evaluation factors in the Solicitation. The Solicitation stated that Mission Suitability is more important than Past Performance, and that Mission Suitability and Past Performance, when combined, are significantly more important than Cost.

In my initial comparison of the three proposals I observed that all three were evaluated as Very Good in Mission Suitability. However, I noted that the SEB had rated LM and Boeing significantly higher than USA. I further noted that LM and Boeing were rated significantly higher in the more highly-weighted subfactors of Technical Approach and Management Approach. The most notable difference between the LM and Boeing proposals compared to the USA proposal in Mission Suitability was the very manual and repetitive processes proposed by USA, processes that do not provide improvements to the existing processes comparable to the improvements inherent in the LM and Boeing proposed processes. I believe USA can perform the contract, just not as efficiently as its competitors. My conclusion in this regard is confirmed by the fact that USA only received strengths in the areas of FCE sustaining and Cargo Integration. I did note the two significant strengths the SEB assigned USA in the Technical Approach subfactor, Phase-in for Flight Crew Equipment FCE and Overall Phase in approach. Both of these significant strengths are associated with Phase-in, which only covers the first 3 months of preparation in what could be a seven-year contract performance period. Accordingly, I

do not give these significant strengths as much weight as I would have had their benefit continued over the life of the contract. Furthermore, USA has the highest proposed and probable cost. Additionally, I am concerned with the lack of attention to detail, and the errors in the final proposal. These shortcomings are captured in the Management weakness associated with USA's Management Approach evaluation. As such I eliminated USA from further detailed comparison.

I then compared the LM and Boeing proposals. Under the Mission Suitability factor, based on the evaluation performed by the SEB, there appeared to be several off-setting and essentially equal Mission Suitability strengths and significant strengths distributed across all, or nearly all, functional areas addressed by the evaluation criteria thus indicating the uniform high quality of each proposal. I first performed an analysis of the significant strengths of LM and Boeing to see if I weighted those differently from the evaluation of the SEB based on my personal knowledge as the ISS Program Manager. I then compared Mission Suitability by subfactor.

Significant Strengths:
Lockheed Martin:

I noted the three significant strengths in Technical Approach for Cargo Analytical Integration Process, Phase-in for Cargo in flow, and Data Accessibility.

I noted the significant strength in LM's proposed cargo analytical integration process which is both efficient and flexible and should significantly reduce schedule risk and cost risk to the Government throughout the life of the contract. To accomplish this LM proposes to utilize several innovative tools for their cargo integration process to improve efficiency. The tools they provide automate the cargo layout process, will provide quick turnaround stowage assessment, and provides for a web-based capability for the ops community and the hardware provider to review the cargo layout and thus improving coordination. From my experience as the ISS Program Manager, this significant strength provides significant value to the Government throughout the life of the contract and therefore gave this strength a greater weight in my assessment.

LM's second significant strength is associated with Phase-in. As this significant strength provides value or benefit to the Government only for the preparatory 3 months leading up to the full activity of the contract, I factored its limited impact into my qualitative assessment of its importance. I accordingly assigned it measurably less weight in my deliberations than the SEB apparently had in theirs.

For, the third significant strength, I noted that LM proposed an outstanding infusion of proven technology solutions, integrated across all processes and functional areas of the contract, which facilitates the currency, ease of use access, and delivery of CMC products and data which provides exceptional data transparency and increased productivity to the Government. LM demonstrated a clearly superior understanding of NASA's Information Technology environment by proposing to stand-up the "myCMC" portal and associated application suite on the "nasa.gov" domain and configures it to authenticate users against the NASA Data Center (NDC) domain. I found this process will ensure consistent and transparent access to these LM hosted systems and will enable all users to login with their NDC domain ID and password. This significant strength

provides significant value to the Government throughout the life of the contract and therefore I gave this strength a greater weight in my assessment.

I noted the one significant strength in Management Approach for Key Personnel. I agree with the SEB evaluation, and noted the four key personnel identified are current LM employees that are successfully performing their duties on the current CMC contract in the same or very similar positions.

I noted the one significant strength in Safety and Health Approach. I agree with the SEB that LM has a comprehensive and thorough Safety and Health approach.

I noted the one significant strength in Small Business Participation. I agree with the SEB that LM has an excellent small business approach and commitment.

Boeing:

I noted the three significant strengths in Technical Approach the SEB had assessed for the Boeing proposal, Hardware Development, Cargo Analytic Integration Process, and Overall Phase-In Approach.

Boeing's approach for the hardware development of Flight Crew Equipment (FCE) and the external cargo Flight Support Equipment (FSE) defined in the Sample Task Order, in my opinion, demonstrates a thorough understanding of the requirements for designing ISS hardware, which demonstrates the feasibility of Boeing delivering hardware. However, I found that this particular strength related to the relatively small portion (about 5%) of the contract that is IDIQ. I further noted that the IDIQ portion was for generic services that could be procured elsewhere, and tasks would be of limited duration in contrast to the continuous effort for FCE and Cargo Processing. I accordingly assigned it measurably less weight in my deliberations than the SEB apparently had in theirs.

Boeing's proposed cargo analytical integration process demonstrates an efficient and flexible approach for accommodating changes to flight manifest and ensures hardware provider and operations community packing requirements are incorporated into analytical products prior to bag packing, significantly reducing cost risk and schedule risk to the Government. Once development is complete late in Contract Year 1, the proposed Streamlined Initial Bag Layout (SIBL) tool automates and optimizes the process of allocating cargo items from the approved flight manifest into cargo bags, significantly reducing a multi-day task to one day or less. While I did have a positive impression of Boeing's proposed cargo analytical integration process, I did not agree with the board's assessment of "significant" strength. The tool that Boeing is proposing will not be ready until later in Contract Year 1 which lessens the value to me. I do agree the Boeing proposal provides a benefit to Government through the life of the contract but for the reason stated above I factored a lesser impact into my assessment and personally consider this to be a strength as opposed to the significant strength the SEB assessed.

Boeing's third significant strength is associated solely with Phase-in. As this significant strength provides value or benefit to the Agency only for the preparatory 3 months leading up to the full activity of the contract, I factored its limited impact into my qualitative assessment of its

importance. I accordingly assigned it measurably less weight in my deliberations than the SEB apparently assigned.

I noted the one significant strength in Management Approach for Key Personnel. I agree with the SEB that the proposal merited a significant strength. However, I did not find as a benefit Boeing's proposed organization where the ISS CMC Program Manager reports to the Boeing ISS Program Manager. Based upon my experience this approach appears cumbersome and could cause a conflict when the Boeing ISS Program Manager is advocating the interest of one contract over the other. Therefore I lessen the weight of this strength in my analysis.

I noted the one significant strength in Safety and Health Approach. I agree with the SEB that Boeing has a comprehensive and thorough Safety and Health approach.

I noted the one significant strength in Small Business Participation. I agree with the SEB that Boeing has an excellent small business approach and commitment.

In a direct comparison between LM's and Boeing's significant strengths in the Technical Approach evaluation within Mission Suitability Factor, I noted that LM had two significant strengths, the benefits of which extend over the entire life of the contract performance, while Boeing only had one significant strength with a similar scope but which I placed less weight on due to the unavailability of the proposed tool to later in the contract year. I found similar significant strengths associated with key personnel, but as I noted I lessened the weight of the Boeing significant strength due to concerns over Program Management reporting. I found similar strengths for Safety and Health, and evaluate the two proposals as essentially equivalent in this subfactor. Small Business Approach and Commitment again has similar significant strengths, but in this case Boeing has a slightly better approach.

Mission Suitability Subfactor Comparison Analysis:
Technical Approach:

Under the Mission Suitability Technical Approach Subfactor, I compared Hardware Sustaining, Hardware Development and Manufacturing, and Pressurized Cargo Integration approaches as described in the RFP.

In the area of Hardware Sustaining I noted that neither offeror had a significant strength. Both offerors had a strength for their overall approach to hardware sustaining that I evaluate as equal. I noted the SEB gave LM a weakness on their Property Plan, and Boeing a strength on their Property Plan. I assessed that the weakness with the LM Plan inaccurately reflected NASA Procedural Requirements and did not reflect an inability to perform the Property function. I place less value than the SEB on the Property Plan because I believe that both offerors are capable of performing the property functions on this contract. I find the two proposals essentially equal, or without discriminators in this area.

For Hardware Development and Manufacturing, I did not fully agree with the SEB assessment and characterization of the Boeing significant strength, and I view this as less substantial than the SEB did, as it relates to a small amount of "on demand" (Indefinite Delivery/Indefinite Quantity)

effort versus continuous application to the vast majority of the contract work. As such I evaluate this strength with limited weight. I find the two proposals essentially equal, or without discriminators in this area.

Under Pressurized Cargo Integration, as noted in the significant strengths on Cargo Analytical Integration I evaluated LM as having a better implementation than Boeing. For Cargo Physical Integration, I agree with the LM strength in their Cargo Physical Integration, and noted that Boeing does not have a strength in this area. As such I believe that LM offers a better proposal and probability for better execution for Pressurized Cargo Integration, and I note that this represents approximately half of the work to be performed under this contract.

For the Phase-In Subfactor, I acknowledge this is a significant area of risk to the Program to ensure continuity of service to the program, but in comparison to Hardware and Cargo Processing, Phase-In is of less significance due to its limited duration. In my experience based on what had been proposed by LM and Boeing, I noted that the two proposals were essentially equivalent in Phase-In, with the SEB assigning each proposal a significant strength and a strength that, qualitatively, represents fundamentally equal value to the Agency.

I compared the assessment of the strengths received for Data Accessibility, and I agree with the SEB evaluation that the LM proposal has a significant strength for Data Accessibility Technical Subfactor and the Boeing proposal has only a strength. I further note that Data Accessibility will cover the life of the contract and LM proposal provides the Government with a significant value and benefit for the contract life. As such I evaluate the LM proposal as better than the Boeing proposal in this area.

I noted that no offeror received a strength or a weakness of any kind in the area of Mission Assurance Capabilities, and thus I find the proposals essentially equal, or without discriminators in this area.

In my analysis I did not agree with the SEB that the LM and Boeing offers were equal as demonstrated by the SEB Technical Approach scoring. I find the LM proposal to be equal to Boeing in regards to Hardware Sustaining, Hardware Development and Manufacturing, Phase-In, and Mission Assurance Capabilities. I find the LM proposal superior to the Boeing proposal in Pressurized Cargo Integration, and Data Accessibility.

Management Approach:

Under the Management Approach Subfactor, I compared Program Management and Organizational Structure, Key Positions and Key Personnel as described in the RFP.

In Program Management I noted that both offerors received a strength for meeting the goal of off-setting inflation by continuous improvement, and a strength for their flexible work plan methods. I noted that Boeing was given a strength for their proposed synergy with their ISS

Sustaining Engineering Organizations. Addressing the SEB's strength for flight focus provided by the LM Operation Integration Office, in my evaluation I found benefit in the flight focus that the LM brings to coordinate and integrate resources, processes and tools across all flights and all areas of the CMC organization. From my assessment, this level of oversight will provide value to the Government through the life of the contract because LM proposes to maintain high level management oversight of integrated tasks by having the Operations Integration Manager assign Flight and Project Leaders responsible for overall task performance therefore assuring that cargo will be tracked and process without issue. I found the strength associated with LM's flight focused office to offer greater value than Boeing's proposed synergy with ISS Sustaining Engineering as such I find LM to have a stronger proposal in the Program Management area.

In Organizational Structure, Key Positions and Key Personnel, I noted similar significant strengths for key personnel, but as I noted above in my discussion of significant strengths, I did not find as a benefit Boeing's proposed organization where the ISS CMC Program Manager reports to the Boeing ISS Program Manager. I found the strengths associated with each offeror's teaming arrangements and total compensation to be equal. I did acknowledge there was some value in the Boeing arrangements with European Aeronautic Defense and Space Company (EADS) Astrium-North America, IHI Aerospace, and Energia but I did not place much weight because of the minimal value to the contract. I do not agree that having these arrangements will result in increased flexibility and decreased schedule risk beyond what the ISS Program nominally receives. As the ISS Program Manager, I expect our International Partners to perform the work described by Boeing outside of the CMC Contract. Therefore these teaming arrangements are not necessary to complete the required work. I found LM's proposal to have greater value than Boeing's proposal in Organizational Structure, Key Positions and Key Personnel.

In my analysis I agreed with the SEB that LM's offer is of greater value than Boeing's offer, but I find a larger difference than the SEB score in Management Approach would indicate. I find that the LM offer is of greater value than the Boeing offer in both Program Management and Organizational Structure, Key Positions and Key Personnel.

Safety and Health Approach:

In a direct comparison between LM and Boeing in the Safety and Health Approach, I noted that LM and Boeing each have a significant strength having to do with their comprehensive Safety and Health Plan. Accordingly, I agree with the SEB that the two proposals are equal in this area, or without discriminators in this area.

Small Business Participation Approach:

In a direct comparison between LM and Boeing in the Small Business evaluation within Mission Suitability, I noted that LM received a significant strength and strength, and that Boeing received

a significant strength, and two strengths. I concur with the SEB evaluation giving Boeing a slight edge, but do not find this to be a significant discriminator in my overall decision.

Mission Suitability Summary:

When I looked across the four subfactors that make up Mission Suitability, I found that LM was better than Boeing in the Technical subfactor. The SEB assessed 3 significant strengths for both LM and Boeing. However, I personally assessed one of the SEB's significant strengths for Boeing as only a strength and the other two represented increased value over a small portion of the contract. LM on the other hand did have one significant strength that represented increased value for only a small portion of the contract; however, the other 2 significant strengths represented increased value over the entire life of the contract. As such, I found LM more suitable in the Technical subfactor. Consistent with the SEB, I evaluated that LM was better than Boeing in the Management subfactor, and by a margin larger than expressed by the SEB. I felt the management structure proposed by LM for the contract, based on my experience as the ISS Program Manager ensures success based on their proposed Key and Essential Personnel. In contrast, although I agreed with the Significant Strength for the Boeing Key Personnel, I felt the proposed organizational structure with reporting through the Boeing ISS Program Manager to be cumbersome and somewhat less effective than the LM management structure. I evaluated that the offerors are essentially equal in the Safety and Health subfactor, and Boeing's proposal as slightly stronger than LM's in the Small Business subfactor. When I evaluate Mission Suitability in total I therefore find that LM has a better proposal than Boeing, based on my assessment of the Technical and Management Approach.

Past Performance

I agree with the SEB evaluation that all three of the offerors could perform this work if my evaluation was based strictly on past performance. I also agree with the overall findings of the SEB. But I drew key distinctions based on my first-hand experience with and exposure to contracts cited in the offerors' past performance.

Specifically, I disagreed with LM's past performance questionnaire grades under the existing CMC contract for Management and Cost. I believe both scores should be 'excellent,' as compared to the 'very good' reported in the questionnaire. As the ISS Program Manager, I am aware that the CMC award fee overall scores have been 'excellent' for the entire duration of the contract. LM consistently provides cost estimates that are very accurate compared to actual cost performance. LM's upward trends are indicative of excellent cost, schedule, technical and Program management. I do not consider the past performance evaluation of Very Good on cost and management to be an accurate representation of Lockheed's performance on the CMC contract at this point in time – or in the most relevant recent past. LM's performance has continued to improve and their performance and responsiveness have been outstanding.

I do not agree with the SEB that the Boeing Checkout, Assembly, and Payload Processing Services (CAPPS) should have been given a medium-high relevancy. While CAPPS is somewhat related to the physical integration of the cargo, I evaluate it as only medium because the CAPPS is not directly related to the pressurized cargo packing and analytical integration.

The CAPPS contract also rates as medium because the CAPPS contract does not sustain any ISS flight hardware which reduces relevance to this procurement.

I have less confidence in Boeing's past performance than the SEB's past performance analysis would indicate particularly as it relates to the ISS Sustaining Engineering. Although overall evaluations have been excellent on ISS Sustaining Engineering contract, as the ISS Program Manager, weaknesses in program management over the last several award fee periods have continued to be displayed. In fact, the most recent Award Fee score for Boeing on the ISS Sustaining Engineering contract was down substantially from the last period. The reasons for this reduction in score are related to continued poor performance primarily in the areas of project management and cost and schedule control. The Boeing weaknesses are directly related to its management and I have concerns that this same program management team would, under the Boeing proposal, also be responsible for the work of the CMC Contract.

Cost

I reviewed the relative importance of evaluation factors provision in my assessment of Cost. It stated that Cost is significantly less important than Mission Suitability and Past Performance when combined. NASA performed a cost realism analysis, resulting in a probable cost. I noted that the SEB evaluated all the offerors with a Moderate Cost confidence, and that the Boeing proposed and probable costs were each somewhat less than the LM proposed and probable costs.

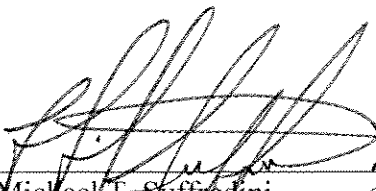
Selection Decision:

I applied the selection criteria in making my final determination, recognizing that Mission Suitability is more important than Past Performance. Mission Suitability and Past Performance, when combined, are significantly more important than Cost. My ultimate decision involved a determination of which proposal I thought represented the best value to the Government.

In conducting my in-depth review of all of the findings, I determined that there are key discriminators between the proposals. In making my decision I found that the LM technical approach and management approach within Mission Suitability, as well as Past Performance to be key discriminators in my selection decision. I saw a larger differentiation in both technical and management approach than the scores provided to me by the SEB would indicate. I determined that LM had better past performance especially in the critical areas of management and cost performance. Although Boeing's overall cost is lower than LM's overall cost, I have less confidence in Boeing's cost based on their past performance. As such, I do not view the difference in probable cost as an accurate reflection of the cost delta. While I noted that Boeing offered the lower proposed and probable cost, I would still determine that the LM proposal represents better value to the Government because of LM's superior technical and management approach for performing CMC and my assessment of superior past performance.

Therefore, I find that LM is the best value and select it to perform the Cargo Mission Contract. My selection decision is based solely on and is wholly consistent with the selection criteria and evaluation framework, including the relative importance of the factors and subfactors as

explained in the solicitation and is supported by the SEB findings and my evaluation that I identified as relevant and material to my decision.


Michael T. Suffredini dated 12/2/10
Source Selection Authority